

Unapproved Minutes

Special Meeting of the Utah Charter School Finance Authority February 4, 2014

Members of the Authority present:

Richard Ellis (Chair of Authority, Utah State Treasurer)
Juliette Tennert (Vice Chair of Authority, Chief Economist & Budget Director,
Governor's Office of Management and Budget)
Bruce D. Williams (Secretary of Authority, Associate Superintendent, Utah State Office
of Education)

Others Present:

David Damschen (Deputy Utah State Treasurer)
Brian Baker (Zions Bank)
Bryce Pettey (Office of the Attorney General)
Perri Babalis (Office of the Attorney General)
Ryan Warburton (Ballard Spahr)
Preston Olsen (Ballard Spahr)
Marlies Burns (Utah State Office of Education)

Meeting called to order by Richard Ellis at 4:00 p.m.

Items of Business:

1. Approval of Minutes

Chair Richard Ellis deferred the approval of minutes until the next meeting.

2. Consideration of revisions to Credit Enhancement Program standards

Chair Richard Ellis referred to questions which arose during the Authority's previous meeting regarding the assumptions which the Authority requires for the calculation of the debt service coverage ratio and the need for a clearer restatement of the standards to make such requirements more clear.

David Damschen referred to the Utah Credit Enhancement Program Standards document, on page 3, new #18, "All calculations of projected debt service must utilize interest rates which assume the debt is unenhanced." Mr. Damschen also stated another revision made to the document addresses another agenda item for this meeting. Page 7, new #34, Applicant may only contract with a financial advisor designated by the Authority as a Prequalified Firm.

Motion was made by Bruce Williams to approve the amendments to the Utah Charter School Credit Enhancement Program Standards for Participation as outlined in the document. The motion carried unanimously.

3. Consideration of revisions to the Charter School Facilities Financing Application

David Damschen referred to the Utah State Charter School Finance Authority, Charter School Facilities Financing Application document stating there has been a paragraph added "The applicant must utilize the services of a financial advisor designated by the Authority as a Prequalified Firm. Agreement between applicant and the selected

Prequalified Firm shall incorporate the Authority's Participating Entity Addendum, copy of which must be supplied as part of application".

Also, on page two, the checklist of items "Financial Advisor Participating Entity Addendum" has been added. As part of the discussion it was stated that all charter schools must request fee information from all Prequalified Firms.

Motion was made by Juliette Tennert to approve the additions to the Utah State Charter School Finance Authority, Charter School Facilities Financing Application on pages 1 and 2. The motion carried unanimously.

4. Resolution 2014-3

Consideration of adoption of a Resolution approving an amendment to, and restating, the Authority's "Policy for Conducting the Business of the Utah State Charter School Finance Authority." Chair Richard Ellis referred to the policy and procedures document addressing the changes that have been made to the document. Definitions have been added to Section 3 – Charter School Facilities Financing Application; Participating Entity Addendum; and Prequalified Firm and new Section 10 – Application Requirements.

Motion was made by Bruce Williams to approve Resolution 2014-3 amendment to and restating the Policy for Conducting the Business of the Utah Charter School Finance Authority. The motion carried unanimously.

5. Consideration of evaluation committee recommendations regarding the prequalification of firms to serve as financial advisors to charter schools.

David Damschen referred to a memo distributed addressing the Evaluation Committee Report. Mr. Damschen described the Financial Advisory Request for Qualifications (RFQ) process and made recommendation of the following firms: Crossroads Investment Advisors, Lewis Young Robertson & Burningham, Inc. and Robert W. Baird & Co.

The Authority received and reviewed a "Strengths and Weaknesses" document, which will be provided to State Purchasing.

Bruce Williams, along with Chair Ellis, commended the process and David's quality of work.

Juliette Tennert asked questions regarding the \$5 cap on fees included within the RFQ. Chair Ellis explained how the cap was established and explained how it fits into the market for financial advisory services..

Mr. Williams asked if part of the motion should include an 18-month term limit (as stated in Utah's Procurement Code). He also clarified whether or not a new firm could be considered within these 18 months. He was informed that no, firms would need to wait until the end of the 18 month period and go through an RFQ process along with all other interested firms.

Any applications submitted from this date forward would have to have a Prequalified FA. If any school is in the process, they may have to bring on a Prequalified FA to assist with the FA they are currently using.

Motion was made by Juliette Tennert to accept the recommendations of the Evaluation Committee regarding the prequalification of firms, pursuant to solicitation #MP14015, which means the Authority is approving Crossroads Investment Advisors, Lewis Young Robertson & Burningham, Inc. and Robert W. Baird & Co. As a point of clarification, it was stated that any firm that was disqualified or was not prequalified, they still have the option through State Purchasing to appeal this decision, as far as the RFQ is concerned. The motion carried unanimously.

Motion was made by Bruce Williams to adjourn at 4:40 p.m.